

228294

**LAW OFFICES OF
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November 22, 2010

Ms. Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D. C. 20423

NOV 22 2010
RECEIVED

RE: Finance Docket No. 35449, *Tennessee Southern Railroad Company, Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Corporate Family Exemption—Sacramento Valley Railroad, LLC and Piedmont & Northern Railway, LLC*

Dear Ms. Brown:

Enclosed for filing are the original and 10 copies of a Verified Notice of Exemption under 49 C.F.R. 1180.2(d)(2), a check covering the \$1,400.00 filing fee, and a CD with the WORD and pdf file.

Please time and date stamp the extra copy of this letter and the Verified Notice of Exemption and return them with our messenger. Thank you for your assistance.

If you have any questions, please call or email me.

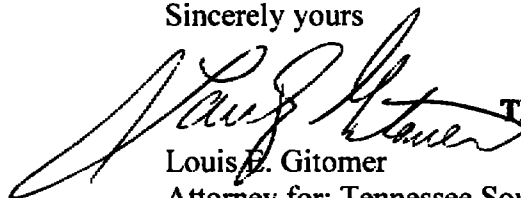
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**SURFACE
TRANSPORTATION BOARD**

Sincerely yours



Louis E. Gitomer
Attorney for: Tennessee Southern Railroad
Company, Patriot Rail, LLC, Patriot Rail
Holdings LLC, and Patriot Rail Corp.

NOV 22 2010

**SURFACE
TRANSPORTATION BOARD**

Enclosures

ENTERED
Office of Proceedings
NOV 22 2010
Public Records

228294

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 35449



TENNESSEE SOUTHERN RAILROAD COMPANY, PATRIOT RAIL, LLC,
PATRIOT RAIL HOLDINGS LLC, AND PATRIOT RAIL CORP.
-CORPORATE FAMILY EXEMPTION-
SACRAMENTO VALLEY RAILROAD, LLC AND PIEDMONT & NORTHERN RAILWAY,
LLC

VERIFIED NOTICE OF EXEMPTION UNDER 49 C.F.R. §1180.2(d)(3)

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**SURFACE
TRANSPORTATION BOARD**

FILED

NOV 22 2010

**SURFACE
TRANSPORTATION BOARD**

ENTERED
Office of the Clerk

NOV 22 2010

Public Hearing

Louis E. Gitomer, Esq.
Law Offices of Louis E. Gitomer LLC
600 Baltimore Avenue, Suite 301
Towson, MD 21204
(410) 296-2250

Attorney for TENNESSEE SOUTHERN
RAILROAD COMPANY,
PATRIOT RAIL, LLC,
PATRIOT RAIL HOLDINGS LLC,
and PATRIOT RAIL CORP.

Dated: November 22, 2010

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 35449

TENNESSEE SOUTHERN RAILROAD COMPANY, PATRIOT RAIL, LLC,
PATRIOT RAIL HOLDINGS LLC, AND PATRIOT RAIL CORP.
— CORPORATE FAMILY EXEMPTION—
SACRAMENTO VALLEY RAILROAD, LLC AND PIEDMONT & NORTHERN RAILWAY,
LLC

VERIFIED NOTICE OF EXEMPTION UNDER 49 C.F.R. §1180.2(d)(3)

Patriot Rail, LLC (“PRL”) proposes to restructure its corporate family in order to make use of certain tax benefits. The Sacramento Valley Railroad, Inc. (“SAVRC”) and the Piedmont & Northern Railway, Inc. (“PNRC”) will be converted into limited liability companies under Delaware law and will be known as the Sacramento Valley Railroad, LLC (“SAVRLLC”) and Piedmont & Northern Railway, LLC (“PNRLLC”), respectively.

Currently, PRL directly controls the non-carrier Patriot Rail Holdings LLC (“PRH”), which in turn directly controls the non-carrier Patriot Rail Corp. (“Patriot”). Patriot directly controls: (1) the Tennessee Southern Railroad Company (“TSRR”), which was acquired in November 2006; (2) the Rarus Railway Company (“Rarus”), which was acquired in April 2007;¹ (3) the Utah Central Railway Company (“Utah”), which was acquired in January 3, 2008²; (4) the Sacramento Valley Railroad, Inc. (“SAVRC”), which was acquired in March 2008³; (5) The

¹ *Patriot Rail, LLC and Patriot Rail Corp.—Control Exemption—Rarus Railway Company*. STB Finance Docket No. 35013 (STB served April 11, 2007).

² *Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Control Exemption—Utah Central Railway Company*, STB Finance Docket No. 35102 (STB served November 15, 2007).

³ *Sacramento Valley Railroad, Inc.—Operation Exemption—McClellan Business Park*, STB Finance Docket No. 35117 (STB served February 14, 2008); *Patriot Rail, LLC, Patriot Rail*

Louisiana and North West Railroad Company LLC (“L&NW”), which was acquired in June 2008⁴; (6) the Temple & Central Texas Railway, Inc. (“TC”), which was acquired in August 2009⁵; and (7) the Piedmont & Northern Railway, Inc. (“PNRC”), which was acquired in September 2010⁶. TSRR does not control any railroads.⁷ After SAVRC and PNRC are converted to SAVRLLC and PNRLLC, respectively, under Delaware law, direct control of SAVRLLC and PNRLLC will be transferred from Patriot to TSRR. PRL, PRH, and Patriot will indirectly control SAVRLLC and PNRLLC through TSRR, and TSRR will directly control SAVRLLC and PNRLLC.

TSRR, PRL, PRH, and Patriot have filed this Verified Notice of Exemption under 49 C.F.R. §1180.2(d)(3). TSRR, PRL, PRH, and Patriot are proposing this transaction within a corporate family which will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate

Holdings LLC, and Patriot Rail Corp.—Continuance in Control Exemption—Sacramento Valley Railroad, Inc., STB Finance Docket No. 35118 (STB served February 14, 2008).

⁴ *Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Control Exemption—The Louisiana and North West Railroad Company LLC*, STB Finance Docket No. 35138 (STB served May 16, 2008).

⁵ *Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Control Exemption—Temple & Central Texas Railway, Inc.*, STB Finance Docket No. 35256 (STB served July 15, 2009).

⁶ *Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Continuance in Control Exemption—Piedmont & Northern Railway, Inc.*, Docket No. FD 35403 (STB served August 27, 2010). *Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Continuance in Control Exemption—Piedmont & Northern Railway, Inc.*, Docket No. FD 35403 (STB served August 27, 2010).

⁷ On October 21, 2010, TSRR, PRL, PRH, and Patriot filed a Notice of Exemption to continue-in-control of six railroads once they acquired certain rail assets from Weyerhaeuser NR Company and its railroad subsidiaries. Docket No. FD 35425, *Tennessee Southern Railroad Company, Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Continuance in Control Exemption—Columbia & Cowlitz Railway, LLC, Dequeen and Eastern Railroad, LLC, Golden Triangle Railroad, LLC, Mississippi & Skuna Valley Railroad, LLC, Patriot Woods Railroad, LLC, and Texas, Oklahoma & Eastern Railroad, LLC*. Closing of this transaction is planned for December 21, 2010.

family. The purpose for the transaction is to restructure the corporate family to make use of tax benefits.

a. **1180.6(a)(1)(i).** A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of the counsel to whom questions regarding the transaction can be addressed.

Direct control of SAVRLLC and PNRLLC will be transferred from Patriot to TSRR. PRL, PRH, and Patriot will indirectly control SAVRLLC and PNRLLC through TSRR. The proposed transaction will allow PRL and the corporate family to make use of certain tax benefits as a result of the restructuring, without affecting operations or service.

Patriot Rail, LLC, Patriot Rail Holdings LLC, Patriot Rail Corp., Tennessee Southern Railroad Company, Sacramento Valley Railroad, LLC, and Piedmont & Northern Railway, LLC are all located at One Boca Place, 2255 Glades Road, Suite 342W, Boca Raton, FL 33431, (561) 443-5300.

Counsel to whom questions concerning the transaction can be addressed is: Louis E. Gitomer, Esq., Law Offices of Louis E. Gitomer LLC, 600 Baltimore Avenue, Suite 301, Towson, MD 21204, (410) 296-2250, Lou_Gitomer@verizon.net.

b. **1180.6(a)(1)(ii).** The proposed time schedule for consummation of the proposed transaction.

PRL, PRH, Patriot, TSRR, SAVRLLC, and PNRLLC intend to consummate this corporate family restructuring where direct control of SAVRLLC and PNRLLC will be transferred from Patriot to TSRR on December 22, 2010.

c. **1180.6(a)(1)(iii).** The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving the financial viability of the applicants.

PRL and the corporate family intend to make use of certain tax benefits as a result of the restructuring, without affecting operations or service, thereby improving the financial viability of the PRL family of railroads.

d. **1180.6(a)(5).** A list of the State(s) in which any part of the property of each applicant carrier is situated.

TSRR operates in the States of Tennessee and Alabama. SAVRLLC operates in the State of California. PNRLLC operates in the State of North Carolina.

The other PRL subsidiaries operate in the following states: Rarus operates in the State of Montana, Utah operates in the State of Utah, L&NW operates in the States of Arkansas and Louisiana, and TC operates in the State of Texas.

e. **1180.6(a)(6). Map (Exhibit B).** Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relations to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included. In addition to the map accompanying each application, 20 unbound copies of the map shall be filed with the Board.

See Exhibit B at the end of the pleading with colored maps.

f. **1180.6(a)(7)(ii). Agreement (Exhibit A).** Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction.

There is no Agreement between the parties.

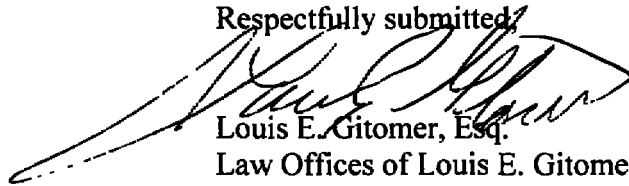
g. Labor Protection.

TSRR, Rarus, Utah, SAVRLLC, L&NW, TC, PNRLLC are all class III railroads. As such, under 49 U.S.C. §11326(c), labor protection does not apply to this transaction.

h. Environmental and Historical documentation.

This transaction qualifies for classification under 49 C.F.R. §1105.6(c)(2)(i and ii) and thus neither an Environmental Report nor a Historic Report is required to be filed.

Respectfully submitted,



Louis E. Gitomer, Esq.
Law Offices of Louis E. Gitomer LLC
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Towson, MD 21204
(410) 296-2250
Lou_Gitomer@verizon.net

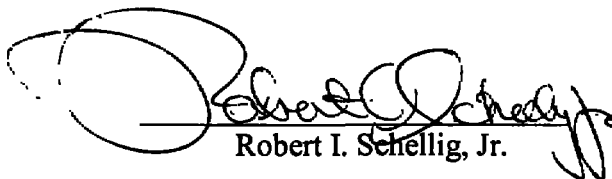
Attorney for TENNESSEE SOUTHERN
RAILROAD COMPANY,
PATRIOT RAIL, LLC,
PATRIOT RAIL HOLDINGS LLC,
and PATRIOT RAIL CORP.

Dated: November 22, 2010

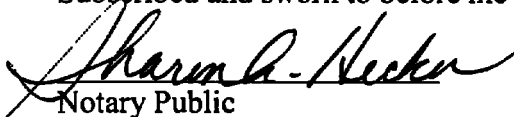
VERIFICATION

State of Florida)
) ss
County of Palm Beach)

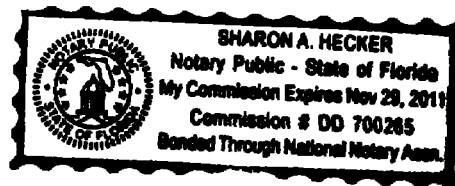
Robert I. Schellig, Jr., being duly sworn, deposes and says that I am Vice President of Law of Patriot Rail Corp., a Delaware corporation, and that he has read the foregoing, knows the contents thereof, and that the same are true as stated to the best of his knowledge, information and belief.


Robert I. Schellig, Jr.

Subscribed and sworn to before me this 19th day of November 2010.

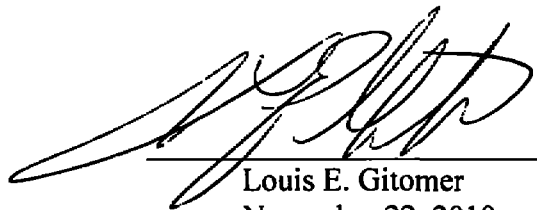

Notary Public

My Commission expires: Nov. 29, 2011



CERTIFICATE OF SERVICE

I hereby certify that I have caused the Verified Notice of Exemption in Finance Docket 35449, *Tennessee Southern Railroad Company, Patriot Rail, LLC, Patriot Rail Holdings LLC, and Patriot Rail Corp.—Corporate Family Exemption—Sacramento Valley Railroad, LLC and Piedmont & Northern Railway, LLC* to be served by first class mail, postage pre-paid on the Secretary of the United States Department of Transportation, the Attorney General of the United States, the Federal Trade Commission and on the Governor, Public Service Commission, and Department of Transportation of the States of Alabama, California, North Carolina, and Tennessee.



Louis E. Gitomer
November 22, 2010

EXHIBIT A-AGREEMENT
NONE

EXHIBIT B—MAPS



PIEDMONT AND NORTHERN CORRIDOR

